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UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Washington 25, D. C.

AA 302

March 25, 1952

ACCOUNTING AND AUDITING MEMORANDUM 302

SUBJECT: Selection of Depositories for the Funds of Borrowers

It is primarily a responsibility of borrowers, as owners and operators of their systems, to select the banks in which the borrowers' funds are to be deposited. The Rural Electrification Administration, in representing the Government as mortgagee, has responsibility for the protection of the Government's security interests.

In keeping with the respective responsibilities of the borrowers and REA, borrowers are not to deposit nor allow to remain on deposit any of their funds, regardless of the source thereof, except consumer collection accounts not to exceed \$1,000, in any bank or other depository not insured by the Federal Deposit Insurance Corporation.

Provided the conditions set forth above are met specific REA approval of depositories will no longer be required, but each borrower must continue to inform REA of the depositories selected.

The designation of depositories is to be made by the board of directors by means of a resolution, a certified copy of which is to be furnished to the Accounting and Auditing Division. It is also necessary for the selected depositories to be provided with certified copies of the resolutions of the board authorizing signature and countersignature of checks drawn upon the accounts maintained with the depositories.

Leslie Surginer
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Chief, Accounting and
Auditing Division



